

FISCAL NOTE

SB 502 - HB 791

March 26, 2003

SUMMARY OF BILL: Requires that the methodology for payments to service providers to the Division of Mental Retardation Services include salaries for direct care staff that are at least commensurate with the salaries of staff at state developmental centers.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$10,000,000

Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$20,000,000

Estimate assumes:

- Contract agencies for community waiver programs currently employ approximately 8,300 staff and agencies providing direct services to the state employ another 870 persons.
- Average salaries in the state developmental centers are approximately \$9.75 per hour. Based upon available data, contract service staff make between \$1.70 to \$2.00 less per hour than state employees.
- The total increase in expenditures will depend upon total contract staff and the exact wage differential between state and contract employees. The amount of increase cannot be determined but is estimated to exceed \$30,000,000.
- Since these services are funded by TennCare, the federal share of the cost will be approximately two-thirds of the total expense dependent on the federal match rate.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director